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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

ORACLE AMERICA, INC.,

Plaintiff,

v.

GOOGLE INC.,

Defendant.

Case No. 3:10-cv-03561 WHA

**REPLY IN SUPPORT OF GOOGLE
INC.'S AMENDED MOTION FOR
LEAVE TO SUPPLEMENT INVALIDITY
CONTENTIONS**

Date: August 18, 2011
Time: 2:00 p.m.
Courtroom: 9, 19th Floor
Judge: The Honorable William Alsup

Trial Date: October 31, 2011

I. INTRODUCTION

Despite the storm and fury of Oracle's Opposition, the key facts it cannot deny are that it has been fully apprised of almost all of the defenses at issue for months, and that it will not be prejudiced in any concrete way if this motion is granted. As a result, it is well within the Court's discretion to find that Google has demonstrated "overall diligence" and to grant leave to amend "[i]n the interests of privileging substance over form," despite Oracle's complaints about the timing of this motion. *Board of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, No. C 05-04158 MHP, 2008 U.S. Dist. LEXIS 17114 at *9 (N.D. Cal. Mar. 4, 2008). Although Oracle suggests that Google is somehow expanding the scope of the case, it is the exact opposite that is the case: Google dramatically *reduced* the number of invalidity theories in play through the elections it made on June 15, many of which were present in Google's original invalidity contentions; and Google has *further reduced* this number by voluntarily relinquishing many of the "new" defenses it elected on June 15 by limiting this motion to only a subset of those "new" defenses.

The timing of Google's motion is reasonable under the circumstances. Oracle complains about the untidiness of the process in this case, but wholly fails to acknowledge that it is largely responsible, because it filed an unmanageably broad suit. Oracle's initial infringement contentions included 132 asserted claims from seven patents, covering several different technology areas and implicating several decades' worth of prior art. As a result, Google's search for prior art and synthesis of its legal theories has been an ongoing process, and the total number of potential invalidity theories it has pursued has been enormous. Had Google moved each time it disclosed each new or revised contention to Oracle, it would have filed motions for leave in February, March, April, May and July, the bulk of which would have been mooted by the parties' elections in June. Google could not have predicted which claims Oracle would elect on June 1, and therefore could not have brought a narrowed motion before then.¹

¹ Although Oracle's factual recitation obliquely suggests that it was prejudiced in its June 1 election by Google's subsequent election of defenses based on new prior art, it is important to note that Google has excluded almost all such defenses from this motion. The only defense at issue that includes references disclosed after June 1 is Chart A-10, which describes a defense that

Furthermore, even if Oracle's complaints with regard to timing were valid (and they are not), Oracle cannot deny its own role in any alleged delay. By Oracle's own admission, the parties first began discussing the possibility of amendment on April 3, but it was not until *June* 7 that Oracle finally informed Google that the parties would not be able to reach an agreement. Thus, the majority of the delay of which Oracle complains is of its own making, as it could have told Google far sooner that it would not agree to the requested supplementation.

The invalidity defenses at issue in this motion are important to the just resolution of the case, and therefore allowing a full hearing on their merits would benefit not only Google, but also the general public. As the Supreme Court has long recognized, "[i]t is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable invention should be protected in his monopoly[.]" *U.S. v. Glaxo Group Ltd.*, 410 U.S. 52, 58 (1973) (quoting *Pope Mfg. Co. v. Gormully*, 144 U.S. 224, 234 (1892)). Because Google has shown good cause for amending its invalidity contentions, and Oracle has failed to demonstrate that it would be prejudiced thereby, leave to amend should be granted to allow Google a full opportunity to challenge the validity of the asserted patents, in its own interest and the general public's interest.

II. ARGUMENT

A. The Court's Claim Construction Supports the Supplementation Based on *Rau*

Oracle does not dispute that it has had Charts A-9 and A-12 since May 16, 2011, shortly after the Court issued its May 9 Claim Construction Order (Dkt. No. 137), and also does not dispute that *Rau* is more relevant under the Court's claim constructions than under the constructions Google proposed. Instead, Oracle argues that Google should have planned its invalidity defenses around both its own proposed claim constructions *and Oracle's*, citing a case from the Eastern District of Texas.

Google originally disclosed to Oracle in chart form on May 16, but later supplemented with additional citations to newly-discovered prior art. *See* Defendant Google's Am. Mtn. for Leave to Supplement Invalidity Contentions ("Mtn. for Leave") (Dkt. No. 214) at 6:14-7:4; Decl. of Mark H. Francis in Support of Defendant Google Inc.'s Amended Motion for Leave to Supplement Invalidity Contentions ("Francis Decl.") (Dkt. No. 214-1) ¶ 18. Notably, and unsurprisingly, Oracle has not specified any prejudice relating to those additional citations.

1 The local rule in East Texas, however, *is not the same* as the local rule here. The local
 2 rule applied in the case Oracle cites provides for amendment where “a party claiming patent
 3 infringement believes in good faith that the Court’s Claim Construction Ruling so requires.”
 4 *Nike, Inc. v. Adidas Am. Inc.*, 479 F. Supp. 2d 664, 667 (E.D. Tex. 2007). The local rule in this
 5 jurisdiction, however, specifically supports a finding of good cause in the event of “a claim
 6 construction by the Court different from that proposed *by the party seeking amendment*.” Patent
 7 L.R. 3-6(a) (emphasis added). The Northern District of California could easily have limited
 8 good cause to cases where the issued constructions differed from those proposed by any party,
 9 rather than those proposed “by the party seeking amendment,” and could also have adopted
 10 language similar to the Eastern District of Texas’, but did neither. Good cause therefore lies for
 11 Google’s proposed supplementation based on *Rau* under Local Rule 3-6(a), as written.

12 **B. Google Has Been Diligent in Identifying its Defenses**

13 Oracle challenges Google’s diligence in identifying the following subset of the defenses
 14 at issue in this motion, arguing that it could have discovered all of them earlier in the case:

- 15 • Chart A-10, based on *Tafvelin* in view of *Daley*, *Krakowiak*, and/or *Vyssotsky*
 16 (original Chart A-10 disclosed on May 16, and supplemented with an additional
 reference to the later-discovered *Vyssotsky* and *Krakowiak* references on July 8);
- 17 • Charts E-9, E-10 and E-11 (obviousness combinations based on references fully
 18 charted as anticipation defenses in Google’s invalidity contentions and fully
 charted as obviousness defenses in re-exam proceedings in February and March);
- 19 • Printed matter defense under § 101/§ 102 (disclosed on May 16 as a supplement
 20 to the § 101 “abstract ideas” and “signals per se” defense in Google’s invalidity
 contentions).²

21 The standard of diligence that Oracle espouses ignores reality, because the alleged ease
 22 with which these specific defenses may be identified is entirely the product of hindsight. Yes, it
 23 is easy to find specific references and flesh out defenses once one knows what one is looking for
 24 – and when they are the *only* things one is looking for – but that is not the situation Google was
 25 in seven months ago, when it was instead simultaneously investigating potential invalidity

26 _____
 27 ² Charts A-2, A-3, C-8, C-9, C-11, D-5, D-6, and F-5 are not included in this list because Oracle
 28 does not appear to assert this argument against them, but the diligence arguments herein are
 equally applicable to them.

1 defenses for 132 patent claims against a wide and crowded field of prior art. In that context, it
 2 would have been impossible for Google to simultaneously discover all of the one hundred and
 3 fifty plus invalidity defenses it has disclosed to Oracle over the course of the case.

4 The law recognizes these realities by making the “difficulty of locating the prior art” a
 5 factor in the good cause analysis. *Acco Brands, Inc. v. PC Guardian Anti-Theft Prods., Inc.*, No.
 6 04-cv-03526, 2008 U.S. Dist. LEXIS 88142 at *5 (N.D. Cal. May 22, 2008). For instance, in
 7 *Advanced Micro Devices, Inc. v. Samsung Electronics Co.*, No. C 08-00986 SI, 2009 WL
 8 890515 (N.D. Cal. Apr. 1, 2009), the court granted a motion for leave to amend invalidity
 9 contentions filed three months after the defendant’s discovery of some of the underlying prior
 10 art, taking into account the “‘immense body of prior art,’” the fact that many pieces of prior art
 11 had to be examined individually because of the absence of “standard terms” for the relevant
 12 concepts, and the fact that one of the references was fifteen years older than the patent on which
 13 it read. *Id.* at *1.

14 As Google has established, *see* Francis Decl., ¶¶2-17, and Oracle has not contested, the
 15 prior art search in this case has been difficult and involved many of the same challenges as the
 16 search in *Advanced Micro Devices*, plus additional ones based on Oracle’s destruction of and/or
 17 failure timely to produce the named inventors’ documents. *Id.* at ¶¶19-21. Moreover, Google’s
 18 prior art case team consisted of more than 15 individuals, *see* Francis Decl. ¶17, pursuing in-
 19 depth research in many different directions on different patent claims; it should not be surprising
 20 that it took time to synthesize and appreciate the significance of even the information that they
 21 had collectively found.

22 **C. Google’s “Overall Diligence” Was Adequate in Light of Case Circumstances and**
 23 **Oracle’s Failure to Indicate Its Opposition to Amendment Promptly**

24 Oracle cannot deny that it has had full information about almost all of the defenses at
 25 issue in this motion at least since May 16, and in many cases for much longer.³ Oracle
 26 nevertheless argues that Google failed to exercise reasonable diligence by failing to bring its

27 ³ The only relevant information disclosed to Oracle after May 16 were two prior art references
 28 added to the Chart A-10 that Oracle received on May 16. *See* n.1, *supra*.

1 motion for leave to amend sooner. In making this argument Oracle relies primarily on the
 2 Federal Circuit’s application of this District’s local rule in *O2 Micro International Ltd. v.*
 3 *Monolithic Power Sys., Inc.*, 467 F.3d 1355 (Fed. Cir. 2006). As the *Board of Trustees* court
 4 specifically noted, however, *O2 Micro* “merely held that the district court did not abuse its
 5 discretion by disallowing amendments brought after a three-month delay,” and did not *mandate*
 6 such disallowance. 2008 U.S. Dist. LEXIS 17114 at *10.⁴

7 Before and since *O2 Micro*, courts in this District have granted leave to amend despite
 8 delays in moving that were comparable to, and indeed longer than, the one here. *See, e.g.*,
 9 *Advanced Micro Devices*, 2009 WL 890515 (motion filed three months after discovery of one of
 10 the underlying references, without any comment on the time interval); *Bd. of Trustees*, 2008 U.S.
 11 Dist. LEXIS 17114 (motion filed five months after formal disclosure of new contentions to
 12 opposing party, and four months after the opposing party objected to amendment); *Avago Techs.*
 13 *Gen. IP Pte Ltd. v. Elan Microelecs. Corp.*, No. C04-05385 JW (HRL), 2007 U.S. Dist. LEXIS
 14 39543 (N.D. Cal. May 15, 2007) (motion filed six months after defendant had full possession of
 15 the facts underlying the proposed supplemental defense). Indeed, in *IXYS Corp. v. Advanced*
 16 *Power Tech., Inc.*, No. C 02-03942 MHP, 2004 U.S. Dist. LEXIS 10945 (N.D. Cal. June 16,
 17 2004), the court granted leave with regard to prior art that defense counsel discovered just *three*
 18 *weeks* before expert rebuttal reports were due, and in *Lexar Media, Inc. v. Pretec Electronics*
 19 *Corp.*, No. C00-04770 MJJ, 2007 U.S. Dist. LEXIS 32825 (Apr. 18, 2007), the court granted
 20 leave to amend after the close of fact discovery, even though defendant had disclosed the
 21 invalidity theory at issue to the plaintiff *three years earlier. Id.*

22 As these cases show, where the non-moving party had actual notice of the proposed
 23 contentions well in advance of the actual motion, and as a result was not prejudiced in
 24 prosecuting the case, courts have repeatedly found a movant’s “overall diligence” adequate and
 25 granted leave to amend “[i]n the interest of privileging substance over form.” *Bd. of Trustees*,

27 ⁴ Oracle also cites a slip opinion from the Eastern District of Texas in support of its argument,
 28 *see Opp. at 4:2-6 & Peters Decl., Exh. 4*, but needless to say, Google believes that the authority it
 offers from this jurisdiction should be given greater weight.

1 2008 U.S. Dist. LEXIS 7114 at *9 (quoting *IXYS Corp. v. Advanced Power Tech., Inc.*, 321 F.
2 Supp. 2d 1133, 1153 n. 19 (N.D. Cal. 2004)); *see also Lexar*, 2007 U.S. Dist. LEXIS 32825 at
3 *3; *Avago*, 2007 U.S. Dist. LEXIS 39543 at *2. And, despite Oracle’s accusation that Google is
4 somehow engaging in “gamesmanship” by attempting to add certain defenses from the re-exam
5 proceedings, Opp. at 9:1-14, it is hard to see how it is “gamesmanship” for Google to wish to
6 pursue defenses it believes to be meritorious, about which Oracle has not only long been aware,
7 but in fact has been engaged in litigating in the PTO.

8 In this matter it would have imposed a much greater – and ultimately unnecessary –
9 burden on the parties and the Court if Google had moved to amend earlier than it did. Because
10 of the scale of the case Oracle chose to bring, had Google moved for leave at the same time it
11 discovered and disclosed each new or revised defense, it would have at least filed a motion in
12 February regarding three new charts, a motion in March regarding four new charts, a motion in
13 April regarding two new charts, and a motion in May regarding ten new charts and several
14 revised charts. Supplemental Declaration of Mark H. Francis in Support of Google Inc.’s
15 Amended Motion to For Leave to Supplement Invalidity Contentions (“Suppl. Francis Decl.”),
16 ¶¶2-5. The parties had been in discussions about narrowing the case since mid-February, and
17 narrowing was a near-certainty as of April 24, 2011, when the Court asked the parties to submit
18 case-narrowing proposals, and as a result it has long been known that many of the asserted
19 claims and defenses would not remain in the case. Suppl. Francis Decl. ¶6; (Dkt. No. 124).
20 Thus, any motion for leave to amend that Google brought before Oracle made its June 1
21 elections would necessarily have sought relief that would ultimately prove unnecessary, because
22 Google could not have predicted which patents, let alone which claims, Oracle would elect to
23 pursue and thus which defenses it would need leave to add.

24 Oracle also disregards its own role in the delay about which it complains. Oracle admits
25 that Google first raised the possibility of amendment on April 3, Peters Decl. ¶4, but that it took
26 over two months of correspondence and meet and confer before Oracle’s counsel finally stated
27 that he “did not think it likely that the parties would be successful in reaching a further
28 compromise.” Peters Decl. ¶9. Thus, a sizeable fraction of the delay about which Oracle

1 complains is in part of its own making, as it could have told Google far earlier that it would not
2 agree to the requested supplementation.⁵

3 And, as for the passage of a month between Oracle's indication that agreement was "not
4 likely," Opp. at 2:7, and the filing of this motion, that time only appears lengthy in a vacuum. In
5 reality, that month was one of the busiest in the case. Between June 7 and July 8 there are no
6 fewer than 40 docket entries for this matter, including, for instance, all the briefing on Google's
7 *Daubert* motion on Dr. Cockburn's damages opinions. Because of the looming discovery cutoff,
8 the parties were also extremely active on the discovery front in this period. Between the
9 beginning of June and July 8, Oracle served six deposition notices or subpoenas, six 30(b)(6)
10 deposition notices, 6 interrogatories, 244 requests for admission, and 29 requests for production
11 – all which required responsive action within a month – and Google served five deposition
12 notices or subpoenas, ten 30(b)(6) deposition notices, 35 requests for production, 429 requests
13 for admission, 7 interrogatories; amended its initial disclosures; responded to written discovery;
14 produced over a million pages, supplemented its privilege log and took or defended three
15 depositions. Suppl. Francis Decl. ¶7. Google was diligent in preparing and filing its motion in
16 light of these competing case demands.⁶

17 **D. Google's Inability to Formulate a Defense Based on Oracle's JavaOS Product Is a**
18 **Direct Result of Oracle's Misstatements and Failure to Provide Required Discovery**

19 Google is still gathering evidence on version 1.0 of Oracle's JavaOS product, which
20 Oracle had previously asserted to practice the '702 patent. Google gained additional evidence
21 regarding the source code for that product just last Friday in a 30(b)(6) deposition of Oracle, and
22

23 ⁵ Indeed, while Oracle criticizes Google for taking two weeks to file its motion after receiving
24 leave to do so, it cannot deny that it took *over 3 weeks* after receiving the detailed disclosures of
May 16 to decide (or at least to tell Google that it had decided) that it would oppose amendment.

25 ⁶ Although Google believes the timing of its motion was reasonable under the circumstances,
26 should the Court determine that Oracle deserves some compensation for the timing of this
27 motion, a less drastic solution exists than depriving Google of key defenses. A court may, as this
28 Court has done in the past, assess the costs and fees involved in opposing a motion for leave to
amend against the movant if the court determines that the movant unduly delayed in bringing the
motion. *See, e.g., Comcast Cable Comm'ns Corp., LLC v. Finisar Corp.*, No. C 06-04206
WHA, 2007 U.S. Dist. LEXIS 98476 (N.D. Cal. Mar. 2, 2007); *Avago Techs.*, 2007 U.S. Dist.
LEXIS 39543.

1 is continuing to pursue the facts underlying the defense. It would be unjust to reward Oracle for
 2 thus far failing to provide the most relevant evidence with respect to version 1.0 of JavaOS.

3 **E. Oracle Will Not Be Prejudiced If This Motion Is Granted**

4 Significantly, despite its bluster, Oracle cannot point to any concrete prejudice that it
 5 would suffer if this motion were granted. It has not identified any discovery it failed to take or
 6 any positions it would have changed had this motion been brought earlier. Instead, it relies on
 7 alleged prejudice resulting from uncertainty about which defenses Google will ultimately be
 8 permitted to pursue. *See* Opp. at 10:9-22. This argument is perplexing. Google has already
 9 voluntarily declined to pursue some of the defenses it elected on June 15, and there are already
 10 fewer defenses in play than Oracle requested when it entered into the parties' narrowing
 11 agreement in May. Instead, what is clear is that the only party who stands to lose as a result of
 12 the timing of this motion is *Google*, because of the possibility that the Court may disallow some
 13 of its elected defenses.

14 In a final attempt to construct a prejudice argument, Oracle now accuses Google of
 15 improperly directing this motion to the Court, rather than Magistrate Judge Ryu, implying that it
 16 has been prejudiced by the notice period required under this District's local rules. Oracle did
 17 not, however raise this argument in its letter opposing leave for Google to file the motion, Dkt.
 18 No. 183, and did not ask for this motion to be heard on shortened time, and thus was again
 19 complicit in creating the delay about which it complains.

20 **F. Amendment Should Be Permitted Because the Defenses At Issue Are Among the**
 21 **Few Defenses That Google Selected on June 15**

22 A final consideration in this motion is the fact that the defenses at issue are strong, as
 23 demonstrated by the fact that Google elected them on June 15. In ruling on a motion for leave to
 24 amend a party's contentions, a court may properly consider whether it would be "unjust" to
 25 exclude material that is "highly material" to the merits of the case. *Yodlee, Inc. v. CashEdge,*
 26 *Inc.*, No. C05-01550 SI, 2007 U.S. Dist. LEXIS 39564 at *4 (N.D. Cal. May 17, 2007); *see also*
 27 *Acco Brands*, 2008 U.S. Dist. LEXIS 88142 at *5 ("relevance of the newly-discovered prior art"
 28 a factor to consider in good cause determination).

1 The strength of these defenses means that not only Google, but also the general public,
 2 stands to benefit from a full and fair hearing of their merits. As Judge Gajarsa of the Federal
 3 Circuit has noted, both that court and the Supreme Court have “recognized that there is a
 4 significant public policy interest in removing invalid patents from the public arena,” citing a
 5 range of cases including the *U.S. v. Glaxo* case quoted in the Introduction. *SmithKline Beecham*
 6 *Corp. v. Apotex Corp.*, 365 F.3d 1306, 1322 (Fed. Cir. 2004) (Gajarsa, J., concurring).⁷

7 Oracle’s attempt to defeat Google’s defenses on procedural grounds, versus on their
 8 merits, is a fitting strategy for the company. Instead of competing in the marketplace with better,
 9 more innovative products, Oracle has resorted to the courtroom in an attempt to take a cut of
 10 Google’s business – a business built on a fundamentally different business model and
 11 fundamentally different products than Oracle’s – using patents that, even if valid and infringed,
 12 contribute at most “incremental improvements” to the accused system. (Dkt. No. 230 at 2:11-
 13 12). In the interests of justice, Google should be permitted a full opportunity to test the validity
 14 of these patents.

15 III. CONCLUSION

16 For all the foregoing reasons, Google respectfully requests that the Court grant its
 17 Amended Motion for Leave to Supplement Invalidity Contentions.

18
 19 Dated: August 3, 2011

KEKER & VAN NEST LLP

20 By: /s/ Daniel Purcell

21 DANIEL PURCELL
 22 Attorneys for Defendant
 23 GOOGLE INC.
 24
 25
 26

27 ⁷ *SmithKline Beecham* was later vacated upon hearing en banc and superseded by another
 28 opinion, but neither of those decisions implicates the accuracy of Judge Gajarsa’s historical
 summary. See 403 F.3d 1328 (Fed. Cir. 2005) and 403 F.3d 1331 (Fed. Cir. 2005).